

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1449-02  
Bill No.: HCS for SB 275  
Subject: Public Assistance; Utilities; Public Service Commission  
Type: Original  
Date: April 25, 2013

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Bill Summary: This proposal modifies eligibility criteria for energy efficiency incentive programs offered by electric companies to low income customers and places the rates, charges, and fees for certain water districts under control of the Public Service Commission.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §247.225 - Water supply district - Public Service Commission

Officials from the **Office of Administration - Division of Budget and Planning** assume this amendment would have no direct fiscal impact on general and total state revenues.

This section requires a water district in St. Charles County to be under the auspices of the **Missouri Public Service Commission (PSC)** for rates, charges, and fees.

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** assume this section of the bill will significantly increase the number of rate/regulatory issues needed to be addressed. If other counties grow to fit within the size addressed by the legislation, even more water district operations will become subject to regulation.

OPC assumes this section will create significant additional responsibilities for OPC staff requiring the addition of 3 FTE's with specific professional expertise to address the complex legal, economic and financial issues that will be raised by this legislation. This legislation significantly expands the jurisdiction of the PSC and also expands existing statutory authority. This expansion results in new regulatory issues currently not addressed. The legislation greatly expands the type of regulated utility and as a result, the number of affected customers and expands the number of cases that will have to be examined and analyzed. The legislation will require additional technical expertise in order to consider all relevant factors consistent with case law on setting rates for a previously unregulated water district now under the jurisdiction of the PSC.

Officials from the **Public Water Supply District # 2 of St. Charles County (Water District)** assume this section would cause increased bond interest costs to the Water District of \$2 million dollars per year (2014-2016). In addition, tens of thousands of dollars in banking, bond and legal fees would be incurred to help prevent defaults on existing bonds. Also, required elections would cost the District between \$50,000 and \$100,000 per year for 2014-2016 and beyond. Losses in the Water District's revenue would be \$740,000 per year for 2014-2016 for a total of over \$2.1 million.

**Oversight** assumes this section changes the process by which adjustments to water district rates, charges, and fees can be made in St. Charles County. This section does not directly change the current rates, charges, and fees assessed by St. Charles County Water Districts. The legislation only applies to one specific county with a charter form of government. There are four counties in

ASSUMPTION (continued)

Missouri that have a charter form of government and only St. Charles County fits the population criteria outlined in the proposal. Oversight, for fiscal note purposes only will assign no fiscal impact to the Public Service Commission Fund. Oversight will also assume no direct fiscal impact to Local Political Subdivisions.

Officials from the **Department of Economic Development - Public Service Commission** assume this section will have no fiscal impact on their agency.

§393.1075 - Missouri Energy Efficiency Investment Act

Officials from the **Department of Social Services** state there is no impact to their agency because the bill does not affect the eligibility determination of the Family Support Division Low Income Home Energy Assistance Program (LIHEAP).

Officials from the **Office of Administration - Division of Budget and Planning, Department of Economic Development - Public Service Commission and Office of Public Counsel, Department of Natural Resources, Department of Revenue, and the Missouri State Tax Commission** each assume this section of the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Water rates for small businesses may be higher or lower depending on the results of Public Service Commission ratemaking decisions.

### FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of Administration  
Division of Budget and Planning  
Department of Economic Development  
Public Service Commission  
Office of Public Counsel  
Department of Natural Resources  
Department of Social Services  
Department of Revenue  
Missouri State Tax Commission



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